

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6489**

**BILL NUMBER:** HB 1064

**NOTE PREPARED:** Dec 10, 2006

**BILL AMENDED:**

**SUBJECT:** Minimum Wage.

**FIRST AUTHOR:** Rep. Micon

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill increases Indiana's minimum hourly wage to \$6.25 on July 1, 2007, and \$7.25 on July 1, 2008.

The bill eliminates the training wage. It increases the cash wage paid to tipped employees to \$3.23 on July 1, 2007, and \$4.23 on July 1, 2008.

The bill increases Indiana's minimum wage annually, beginning on January 1, 2009, based on changes in the Consumer Price Index.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** The state has 10 employees who are paid less than \$7.25 per hour (7 are paid less than \$6.25 per hour and 3 between \$6.25 and \$7.25 per hour). The cost to increase the minimum wage from the current rate of \$5.15 to \$6.25 per hour on July 1, 2007, and \$7.25 per hour on July 1, 2008, would be approximately \$18,600 for FY 2008 and \$35,700 for FY 2009. The bill indexes the minimum wage to the Consumer Price Index as of January 1, 2009. The increase in the minimum salary would also affect wage-related benefits, such as social security and retirement benefits.

The portions of the bill dealing with training wage and cash wages paid to tipped employees should have no state fiscal impact.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The local impact of increasing the minimum wage is unknown. The percentage increase from the current rate of \$5.15 would be 21.4% on July 1, 2007, and 40.8% on July 1, 2008. The increase in the minimum salary would also affect the local unit's cost of wage-related benefits, such as social security and retirement benefits.

The portions of the bill dealing with training wage and cash wages paid to tipped employees should have no local fiscal impact.

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** All.

**Information Sources:** Department of Personnel Staffing Database.

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.